

ADMINISTRATION AND FINANCE COMMITTEE

DATE: May 11, 2004

CALLED TO ORDER: 5:03 p.m.

ADJORNED: 7:50 p.m.

Minutes not approved by the Chairwoman

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chairwoman
Vernon Brown
Rebecca Langford
Lynn McWhirter
Lincoln Plowman
Joanne Sanders
Steve Talley

AGENDA

PROPOSAL NO. 234, 2004 – appoints Dr. Thomas Inui to the Information Technology Board

“Do Pass”

Vote: 7-0

PROPOSAL NO. 235, 2004 – creates a county rainy day fund and a city rainy day fund as authorized by IC 36-1-8-5.1

“Do Pass As Amended”

Vote: 7-0

2004 FIRST QUARTER BUDGET UPDATES

City Controller
Office of Corporation Counsel
Department of Administration
Marion County Treasurer
Marion County Election Board
Voter Registration

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, May 11, 2004. Chair Jackie Nytes called the meeting to order at 5:03 p.m. with the following members present: Vernon Brown, Rebecca Langsford, Lynn McWhirter, Lincoln Plowman, Joanne Sanders and Steve Talley. Council President Rozelle Boyd attended part of the committee meeting. Council Financial Consultant Kent Burrow was also in attendance.

PROPOSAL NO. 234, 2004 – appoints Dr. Thomas Inui to the Information Technology Board

Dr. Inui said that he is the President and CEO of the Regenstrief Institute Inc. a medical informatics and health services research institute affiliated with Indiana University School of Medicine. Dr. Inui said that he is a general internist. Most of his work is as an administrator and researcher on informatics and the impact on health and health care. He said he works with the Horizon House and he has interest in City life activities that rely on information systems with better management for health and health care. He believes he was selected to help recruit a CIO to the city. He is also on the board of the Indiana Health Information Exchange, a not-for-profit in Indianapolis that serves as a repository for health data for all hospitals.

Chair Nytes asked Dr. Inui to explain informatics. Dr. Inui said it is the study and use of information systems and it focuses on the availability of information for activities in any sector. It can support elections, health care and any activity that can be thought of. Nytes said that helps explain why he was selected to be on the board because that vision is something that will be an asset to the City and County.

Councillor Talley moved, seconded by Councillor Sanders, to send Proposal No. 234, 2004 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 235, 2004 – creates a county rainy day fund and a city rainy day fund as authorized by IC 36-1-8-5.1

Barbara Lawrence, City Controller, said this proposal will create a rainy day fund for the City and County as required by Indiana Public Law 267-2003. She said the fund will receive excess tax distribution of the County Option Income Tax (COIT) to the City and County. Ms. Lawrence said that state law states that if the taxing unit does not have a rainy day fund, one must be established. Ms. Lawrence said there is an amendment

(Exhibit A) with a technical correction in the second half of the proposal (Section 135-381, line 4) to change the word “county” to “city”.

Councillor Talley moved, seconded by Councillor Brown, to “Amend” Proposal No. 235, 2004 to make the technical correction from “county” to “city” in the proposal. Proposal No. 235, 2004 was amended by a vote of 7-0.

Councillor McWhirter asked if the distribution of excess money is the same as the COIT money. Marty Womacks, Marion County Auditor, and Ms. Lawrence replied in the affirmative. Councillor McWhirter asked if the Council would appropriate money spent out of the fund. Ms. Womacks and Ms. Lawrence replied in the affirmative. Ms. Womacks said the funds mirror one another.

Councillor Sanders asked for confirmation that Proposal No. 235, 2004 was establishing a rainy day fund for the City and County and the funding is not being dealt with in this particular ordinance. Ms. Womacks and Ms. Lawrence said that is correct.

Talley moved, seconded by Sanders, to send Proposal No. 235, 2004 to the full Council with a “Do Pass As Amended” recommendation. The motion carried by a vote of 7-0.

2004 FIRST QUARTER BUDGET UPDATES

Chair Nytes stated that the rest of the meeting will be budget updates from the City and County because of current fiscal problems and next year’s budget. She said the Council wants an opportunity to understand its current fiscal situation and make adjustments early in the year in order to affect positive change.

UPDATE FROM CITY CONTROLLER – Barbara Lawrence, City Controller and Bart Brown, Deputy City Controller

Ms. Lawrence said they have some bad news but they have taken some steps to mitigate a number of issues and she will bring the Council up to date on where the City is for the first quarter. Ms. Lawrence gave a historical perspective on what the City did in 2003 to reduce spending and cut their budget. She said these things set the stage for 2004. She referred to a handout of her presentation (Exhibit B) that gave the City’s fiscal overview. She said the information is presented in a departmental fashion and by funds that are appropriated to help the departments reach their mission. As it relates to the funds breakdown, Ms. Lawrence said that the 2003 Final Revised Budget was \$517 million, expenditures were \$488 million and the available balance was \$28 million. She said cancelled spending is where purchase orders and other obligations for the City were cancelled out to return to fund balance, therefore the total underspending for the City is roughly \$40 million. She said this includes all funding sources and not just the targeted budget reductions.

Councillor Sanders asked if disencumbering of purchase orders (PO) and cancelled spending were done in 2003. Ms. Lawrence replied in the affirmative and said these were 2003 actions. Councillor Sanders asked why would a particular PO be cancelled. Lawrence said an example would be when there is an outstanding PO for a project and the bids come in lower than expected, the City may add to the PO for additional work to be done or if it is at the end of the season and additional projects in the PO are cancelled out and returned to fund balance. She said another reason would be if work is performed before the money runs out. Ms. Lawrence said the December 31, 2003 fund balance is \$183 million for all funds.

She said total amount underspent by departments in 2003 was \$42 million and there is a difference in the 2003 Year End Spending Report by fund and the 2003 Year End Spending by department because some of the grant funding and POs were not pulled out.

Ms. Lawrence said the 2004 budget reflects a \$20 million reduction that includes the elimination of the Public Mass Transit Fund (PMTF) money from the Department of Public Works (DPW). She said the dollars flowed from the federal government to the state, and DPW was the receiver of the grant. Because of a new state law, the money goes directly to IndyGo. She said they started 2004 with a \$12.5 million reduction from the 2003 budget. She said those were based on a number of reviews where departments thought they could make cuts. She said it was an effort to look at a comprehensive budget and remove them from property tax supported funds.

Ms. Lawrence said the quarterly report shows all the revenue the city utilizes to meet its obligations. She said they include property taxes, tax increment financing, county option income tax, sewer fees, local fees, ordinance violation collections and other revenue that is federal and grant dollars.

Councillor McWhirter asked if the COIT variance was rainy day fund money. Ms. Lawrence replied in the affirmative. Councillor McWhirter said it should not be in that fund per se because they are not over-collecting they are under collecting. Ms. Lawrence agreed. Mr. Brown said they were stating the type of revenue collected and COIT is the money they have gotten so far. Councillor McWhirter asked if the City is allowed to spend the funds on budgetary items. Ms. Lawrence replied in the affirmative and the Council must appropriate the funds.

Councillor Sanders asked if the excess was for a period prior to revenue collection in January 2004. Mr. Brown said the money goes to the auditor first and then it comes to the City. Councillor Sander asked if it was the amount anticipated. Mr. Brown replied in the negative. Ms. Lawrence said they have a \$9.2 million variance because that is where grant dollars came in. Chair Nytes said she was concerned because the grant dollars were so low. She asked if grant dollars were at risk, especially the federal grants. Ms. Lawrence said they are not and there is usually a timing issue.

Ms. Lawrence said the current year encumbrances makes it look as though they only have 67% of their budget available despite the fact that they are only a quarter of the way through the year. She added they are on target for the year for the first quarter. Chair Nytes asked if an example of encumbrance were a lease. Ms. Lawrence said yes and contracts are another example.

Councillor Sanders asked if Character 01 spending for salary and benefits were projected out. Mr. Brown said it is projected out but not encumbered. Councillor Sanders asked why it is not encumbered. Ms. Lawrence said employees leave and new employees may not have the same benefits. She said some are union contacts and there is a salary differential between employees that come and go. Councillors Sanders said she understands that employees come and go but when you look at the figures you are calculating for salary expenditures through the end of the year and that skews the budget that is available. Ms. Lawrence said they are reflected in the various departments. She said since there is a 27th pay issue they are paying closer attention to Character 01. Mr. Brown said that Character 01 is the one place where there are controls that ensure there is no overspending.

Ms. Lawrence said they begin to look at the 2004 budget after the loss of Assessed Value and business personal property taxes that impacted the City's bottom line by \$5.4 million. She said they worked with departments to make more cuts. She said the Department of Administration cut \$190,000; the Department of Metropolitan Development cut \$1 million; the Department of Public Works cut \$2.37 million; the Department of Public Safety cut \$2.94 million, and the Department of Parks and Recreation cut \$328,000. Ms. Lawrence said the total reductions will be \$8.1 million.

Ms. Lawrence said she gave City departments a memo (Exhibit C) that outlines steps to be taken that will reduce spending. She said if furniture purchases have to be made, there must be an extreme justification. She said it will be same for travel, filling positions, and subscriptions. She said they are also making sure that services are not duplicated.

Councillor McWhirter said she was concerned about cutting the police and fire pension. She asked how that will be done. Mr. Brown said they are not cutting it, and last year's budget was based on projections and they over-budgeted the pension amount. He said what they are doing is bringing the budget down to the actual amount that will be paid out and the other money will go back to fund balance for 2005. Councillor McWhirter asked if the funds were going back to fund balance for police and fire pension. Mr. Brown and Ms. Lawrence replied in the affirmative.

Councillor Brown asked if the cuts were above and beyond the cuts that have already been made. Ms. Lawrence replied in the affirmative. Councillor Brown asked if the cuts in fire and police affect the core services that go to the public. Ms. Lawrence said no and what they have done is ensure that no cuts compromise the level of essential services. She said City employees will notice the cuts and certain capital expenditures will be delayed until they are essential.

Councillor Sanders asked if she could be confident that entities are using central purchasing and anything that is purchased goes on a PO that is approved, or not, by the Controller's Office. Ms. Lawrence replied in the affirmative.

Chair Nytes asked if the police budget takes into consideration the discussion that will take place in the Council to accommodate the new police contract. Ms. Lawrence said it is accommodated and \$1.2 million will be absorbed. Mr. Brown said the cuts are the amounts that will be cut from Characters 02, 03, 04 and 05 to help offset the cost of the contract. In addition, it will be reflected in an ordinance. Chair Nytes asked if part of the ordinance will reflect a transfer and the other part would be a new appropriation. Ms. Lawrence and Mr. Brown said that was correct.

Ms. Lawrence said not only do they want to meet their goal they want to exceed their goal. Ms. Lawrence said they are managing their Character 01 to meet the obligation of the 27th pay. She said Character 03 was the bulk of the Controller's Office reductions. In the Purchasing Division they are reorganizing to address staffing issues and an increase in business.

Ms. Lawrence described the list of contacts (Exhibit D) that the Controller's Office has. She said Maribeth Smith & Associates and Hospitality Marketing Inc. are the two firms heading up the National League of Cities Conference. The money used was seed money from the City. They are hopeful that with fundraising efforts they will be reimbursed for the \$98,350.

Councillor Sanders asked if the contracts were "not to exceed" figures. Ms. Lawrence replied in the affirmative, but she was not certain about the Executive Service Board because it is \$50 per hour and the departments are charged back for the amount.

Councillor Sanders asked where the city was in terms of full time equivalents (FTEs). Ms. Lawrence said they were at a 4% vacancy rate, which is about 40 employees.

Councillor Sanders asked if there is a hiring freeze. Ms. Lawrence said there is no hiring freeze per se and they were managing the hiring process to get maximum benefits. It is more of a delay in the hiring process than a hiring freeze. She said they were not proposing cuts in Character 01 because they need to address the 27th pay issue within the current budget.

Councillor McWhirter said she thought that the 27th pay issue was addressed in the budget last year and asked why is there a problem now. Ms. Lawrence said it was addressed for union contracts and weekly employees. They determined later in the year that for bi-weekly employees they needed to be addressed within the confines of the current budget. Councillor McWhirter said she believed that when they did budgets last year the salaries were going to be divided into 27 pays and there would not be a need for additional money. She asked if that is not what is happening. Mr. Brown said the budget

request was the same level of funding as the 2003 bi-weekly salaries. They did not increase the budget for bi-weekly employees they decided to keep the bi-weekly pay the same for 2004 and the Council would not be asked for an increase in Character 01 for any department. Councillor McWhirter asked what are we going to do if we get to the 27th pay and the money is not there. Ms. Lawrence said they would have it and they are watching Character 01 very closely. She said the biggest factor to the 27th pay issue is overtime and most of the factors are covered under the union contract and if she comes back it will be for a transfer from other Characters. Councillor McWhirter said she was under the impression last year that the 27th pay was not going to an issue because the salaries were going to be divided by 27 pays. She asked if the City would be coming back to ask for additional money. Ms. Lawrence said they may need to ask for a transfer from other Characters but not an allocation from the general fund.

(Clerk's note: Councillor McWhirter leaves the meeting)

BUDGET UPDATE FROM CORPORATION COUNSEL – Scott Chinn, Chief Counsel and Kim Dillers, Financial Manager

Mr. Chinn said the Council was given two handouts last week (Exhibit E). He said they will also talk about some revenue issues. Mr. Chinn said Document 1 shows 2004 first quarter spending and they are on track to underspend the 2004 budgeted amounts. He said they had some turnover at the end of last year / beginning of this year in the litigation department and they intentionally left those positions open until they got to a point where they felt better about their underspending to hire lawyers. Mr. Chinn said they will completely absorb the 27th pay and they may have some funds left over in Character 01 and this will be added back to the 2004 underspending plan.

Mr. Chinn said printing and copy is a high volume for the department. He said most of their contracts are done at the beginning of the year, so the \$612,000 of encumbers in the first quarter represents not just money spent but also money encumbrance. Mr. Chinn said virtually nothing has been spent in Character 04. He said this character is mostly about technology and until this year they had a three-year computer replacement cycle. That replacement program is now a casualty of the budget crisis. Mr. Chinn said they are a high chargeback agency because they charge most of their clients for services they provide. He said they do not charge back any City department that is funded out of the same fund as the Corporation Counsel. They also do not charge county agencies.

Chair Nytes asked for examples of who is charged. Mr. Chinn said most City departments are charges. Chair Nytes asked what is meant by not being a part of the same fund. Mr. Chinn said part of the county.

Mr. Chinn said they will satisfy their budget requirements and underspend the 2004 budget. He referred to Document 2 and said the bulk of underspending will be in Character 03, which is mostly outside counsel contacts. He said the total underspending will be \$150,000 and he thinks they will beat that. Mr. Chinn said \$150,000 is

approximately 3% of their actual expenses and that does not include the chargeback. He referred to Document 3 and said the average annual increase from 2003 to 2004 was 1.68%.

Mr. Chinn referred to Document 4 and said they are a revenue-producing agency because of their collections department. He said they collect for bad debts and parking violations.

Chair Nytes asked if multiplying the year-to-date amount by 4 would give the Council an idea of how the trend will compare to previous years. Mr. Chinn replied in the affirmative and said it will be shown in graphic form later. Mr. Chinn said they have increased their collections each year and he projects collections will be over \$3 million this year. Mr. Chinn said Document 5 shows a graph of the collections from 2000 to 2004.

Councillor Talley asked if there were any efforts to collect from folks that received more than one Homestead Tax Credit. Mr. Chinn said they have had brief discussion with the Auditor and he is not sure about the best way to do that or if that were viable, but they are looking into it.

Mr. Chinn said Document 6 is a list of contracts for 2004 with “not to exceed” amounts and all contracts end at the end of 2004.

Councillor Sanders asked why the County is not charged for their services. Mr. Chinn said he does not have a good answer, but historically since the City and County budgets have been separate there was never a tradition to cross the divide.

Councillors Sanders asked if he has looked at the value attached to the services. Mr. Chinn said they could figure that out. Marty Womacks, Marion County Auditor, said the office is funded from the County Consolidated Fund which covers all of Marion County and therefore the Council would have to provide the County with funds in their budgets to pay the Corporation Counsel services. Councillor Sanders said she would like to see the value of the services. Mr. Chinn said their lawyers account for their time so the numbers are available.

Chair Nytes said that Councillor Sanders line of questioning is an interesting observation about the structural issues in Indianapolis/Marion County. She said when the committee looks at the Information Services Agency later in the week there will be a different way of charging even though it covers the County and the City. She said all of these things merit further explanation.

UPDATE FROM DEPARTMENT OF ADMINISTRATION – Brenda Burke, Director

Ms. Burke said the handout on Benefits and Insurance Contracts (Exhibit F) represent everything from health insurance to workman’s compensation.

Chair Nytes asked if she manages the contracts on behalf of other agencies and if they are paid for out of the other agency budgets. Ms. Burke replied in the affirmative and said some of them are paid out of the General Fund.

Ms. Burke said they provide services to the City and County in the area of human resources, the division of equal opportunity, fleet services and administrative services. Under human resources they recruit, train, do labor employee relations, risk management, benefits, compensation, policy development and compliance, performance management and personnel data. She said they have 22 budgeted FTEs in human resources. In Equal Opportunity they certify, monitor, provide technical assistance, do outreach and equivalent bids for minority and women businesses, adjudicate claims of discrimination, and resolve complaints, and provide support to the Equal Opportunity Board. It also oversee the Indianapolis Commission on African American Males. The Division of Equal Opportunity has eight budgeted FTEs.

Ms. Burke said fleet services has 74 union employees and 16 bi-weekly employees. She said they maintain over 2700 vehicles and over 700 pieces of equipment. The Administrative Services area serves as the consolidated city control resource for all citizens in Marion County. She said the services include Council relations, charter school oversight, constituent services and after school development. They have 16 budgeted FTEs. The Department of Administration is budgeted for 136 employees and they currently have three vacancies in the areas of fleet services, human resources and the division of equal opportunity.

Ms. Burke said in 2002 their budget was \$7.2 million, in 2003 it was \$7.6 million and in 2004 it was \$7.3 million. She said they have worked to reduce expenses without compromising services. They cut \$190,000 from their budget this year. The cuts include leaving positions open where practical, consolidation of the risk manager and labor & employee manager position (Lynette Pierce from the Corporation Counsel will fill the consolidated position), training, office supplies, instructor fees, printing and binding, printers and computers delayed, travel and conference expenses, promotional items, consultant services (in fleet services, wrecker service, tire repair service, and security) and cell phones and pagers. She said they half reduced the \$10,000 Legal Settlement Fund in fleet services for outside attorneys because the fund has not been used.

Ms. Burke said the union worked with management on the cuts. Ms. Burke referred to her first quarter budget (Exhibit G) and said they are on track except in the area of fuel. She said right now it looks good but she is not sure what might happen. She said fuel has been budgeted at \$1.25 per gallon for several years however, in 2002 and 2003 there the price decreased and in 2002 gas prices averaged \$.97 per gallon. The city spent a little over \$4.1 million on fuel in 2002. In 2003 gas prices went up to an average of \$1.15 per gallon and the city spent \$5.03 million on fuel in 2003. In 2004 the fuel budget was reduced from \$1.25 per gallon to \$1.15 per gallon. She said as of yesterday they are paying \$1.57 per gallon for bulk fuel and \$1.67 for commercial fuel. If the trend continues they will spend \$6.5 million on fuel for 2004, that is \$1.5 million more than

what is budgeted at \$4.9 million. She said they average approximately 380,000 gallons of fuel per month.

Chair Nytes asked if the cuts made in the rest of the budget would leave her anything to transfer to cover the fuel cost or will the Council need to revisit it. Ms. Burke said it will need to be revisited. She said they are going to continue to look at other opportunities to cut.

Ms. Burke explained her contracts (Exhibit H). Under Administrative Services, she said they have two National Urban Fellows that are graduate students. She said the City funds \$25,000 for each fellow and Lilly Endowment matches that amount. She said Public Impact monitors charter school proposals and Sagamore is a lobbying group that helps get federal grants. Under Human Resources she said LoCascio Hadden & Dennis would help the Department of Administration with open enrollment. She said Ernst and Young was the previous provider, but they are no longer in that business.

Councillor Sanders asked if the companies were all Indiana or Indianapolis based companies. Ms. Burke said she was not sure about Public Impact, but the other were.

Chair Nytes asked if the list of benefits apply to both City and County employees. She said the Council does not need the answer tonight but she wants to determine if they have maximized their ability to get the largest group under a coverage so they would have the best market position. Ms. Burke said there has been discussions with the County on all the benefits the city offers and where the County felt it made sense for them to partner with the City they have and there has been savings.

UPDATE MARION COUNTY TREASURER – Greg Jordan, Treasurer; Monty Combs, Deputy

Mr. Jordan said they bill and collect property taxes and invest county money. He said the bottom of his handout (Exhibit I) shows the amount of property tax levies they will collect this year for the various units of government. Mr. Jordan said they will collect over \$20 million in special assessments for different units of government that are mostly within the City. He said they also do delinquent taxes on personal property and mobile homes and they are aggressive in collecting these taxes. Mr. Jordan said they have engaged a collection agency to help them collect taxes and there is no cost to the county. He said their work is done on a fee basis and the units of government do not lose money. He said the collection company adds an additional fee on top of the judgement. He said tax sales generate several million dollars in collections for taxes. He said they dispose of property that is owned by the County and the money generated from these sales is given back to the units of government.

Mr. Jordan said bankruptcies are growing and they are getting more aggressive at filing claims to make sure the County's interests are represented in court. He said yesterday was the deadline to apply for the Installment Payment Plan and 232 parcels have applied

for the plan. The amount affects about \$332,000 in property taxes and most will be paid over a twelve-month period. He said they do not anticipate this to create a hardship for the units of government.

Mr. Jordan said interest rates are horrible and that is not good for units of government that rely on interest income to help supplement their budgets. He said they work with banks to get the best yield. Mr. Jordan said that Lockbox is a combination of property tax collections and cash management. He said this use has increased and it is the high volume processing of payments. He said it gets money in the bank faster and it gets payments posted quicker. He said this cuts down staff time and increases the County interest income quicker. He said this operation will increase 2004 interest income by \$200,000. The Lockbox is through Union Federal Bank and there is no cost for the County.

Councillor Sanders asked for an estimate of the interest earnings overall. Mr. Jordan said he hopes the amount will be around \$4 million. Councillor Sanders asked if it goes directly to the County General Fund. Mr. Jordan answered in the affirmative.

Mr. Jordan said the number of FTEs has reduced by 25% over 20 years. He said they continue to do more without increasing the number of employees. Mr. Jordan said the graph (Exhibit I) shows where property taxes are spent. He said they are under budget for all characters except Character 03 because the budget has been charged for the full year for building rent and security. Mr. Jordan said they recently received the bill for tax mailing and that is not reflected in Characters 02 and 03. Mr. Jordan said the City Controller and Treasurer use the same armory service and this has helped to realize some savings. He said they use an attorney to help with bankruptcies and they have no grants.

Councillor Sanders asked Mr. Jordan to explain the use of compensated balances versus no charge. Mr. Jordan said it is interest they might not earn but an expense not incurred.

Mr. Plowman asked to explain the section labeled other on the graph (Exhibit I). Mr. Jordan said it is Tax Increment Financing, Metropolitan Emergency Communications Agency (MECA), other cities and towns, IndyGo and the state rate that does not include welfare.

Chair Nytes asked if the State Fair were included. Mr. Jordan replied in the affirmative.

Chair Nytes asked for an explanation of Fund 216, the Enhanced Assess Fund. Mr. Jordan said the board was created years ago and the Treasurer was the treasurer for the board so it was rolled into the Treasurer's budget to administer the fund. Money generated sits in the fund and expenditures are for communications lines with Civic Net or distributions for use of computer operations to agencies. Chair Nytes asked for the fund balance. Mr. Jordan said it was \$200,000. Chair Nytes asked if there is a continued use of fee for Enhanced Assess with Civic Net. Mr. Jordan said there has been a record number of transactions for public records based on the last two Civic Net monthly

reports. He said because many of those are court records it will probably go away once JTAC goes online.

Chair Nytes asked who holds the actual contact with Civic Net. Mr. Jordan said he assumes it is the Information Technology (IT) Board.

Councillor Langford said she wanted to commend them for printing their materials double-sided.

Chair Nytes asked if there were a place for underspending. Mr. Jordan said he cut his budget twice in the last two years and they are currently one FTE under so that will be a savings. He said it is hard to predict savings because of judgments and bills.

Chair Nytes asked if he used City purchasing. Mr. Jordan said they do not. Chair Nytes asked Mr. Jordan to take a look at opportunities to use them. Mr. Jordan said he buys off the list generated from City purchasing and many things they buy are at a lower cost than what is on the City's list.

Chair Nytes asked how would a person sign up for the electronic notification of tax bills. Mr. Jordan said it is at the mortgage companies right now. He said until his computer system is replaced it cannot handle electronic billing. He said 322,000 bills are sent to mortgage companies and all but about 16,000 are paid electronically.

Chair Nytes asked if they were saving on postage. Mr. Jordan said they do not pay much for postage and it is less than \$.27.

Councillor Brown referred to the graph (Exhibit A) and asked how many different fire townships does the money go to. Mr. Jordan said nine (9) township administrations and eight (8) township fire departments because Center does not have a fire department.

UPDATE FROM MARION COUNTY ELECTION BOARD – Doris Anne Sadler, Secretary; Tony Schaffer, Chief Deputy, Marion County Clerk's Office; Valerie Hurd, Fiscal Analyst, Marion County Clerk's Office; and Robert Vane, Administrator, Election Division

Ms. Sadler said she would be happy to talk about what happened in last week's primary elections, but she would first go through the budget. She said the first page of the handout (Exhibit J) is the list of two special funds: The Campaign Finance Enforcement Account, which has collected \$300 this year and the Help America Vote Act (HAVA) which is a pass through account that is statutorily set up to receive federal reimbursement from the state.

Ms. Sadler said Character 01, Personal Services, represents a little over half the budget and the percentage on the sheet is skewed because they do not have expenses from the primary. She said 60% of Character 01 budget goes to election boards. She said the

Allen Pope Project is a gentleman that works for the Attorney General's Office that heads up a program to distribute the absentee ballots. She said he has a democrat counterpart. Ms. Sadler said the Election Day Phone Bank is operated through the Mayor's Action Center on Election Day. She said the remaining 40% of the budget is for regular employees.

Ms. Sadler said some cost savings taken are offering employees compensation time (comp time) instead of overtime, utilizing seasonal staff during peak time and the elimination of the sheriff on the poll board.

Chair Nytes asked if the comp time were current or is it an accrued liability. Ms. Sadler said they just accrued a liability with the May election but it will be spent down before the next election. She said the two people that accrue the most are careful in scheduling their vacations. On a regular basis individuals are only allowed to accrue one week of comp time.

Ms. Sadler said only 6% of supplies have been spent in Character 02 but it will be more once bills come in for the election. She said cost savings were to order supplies in bulk, compare cost, purchase generic supplies and reuse materials where possible.

Chair Nytes asked if the ballot printers referred to the printing of all ballots or just the extra ballots. Ms. Sadler it was for the extra ballots and the absentee ballots.

Ms. Sadler said 10% of Character 03, Other Services and Charges, has been used and voting machine transportation makes up the largest part of the expenditures. It pays for the delivery and pick-up of voting machines to polling places, the delivery of inspector supplies and the removal of supplies not picked up by the township location.

Ms. Sadler said legal services includes \$40,000 for the Election Board attorney and approximately \$59,500 on outstanding outside fees for the ballot litigation appeal. She said the cost was divided with the Clerk's budget.

Ms. Sadler said the Clerk's office uses a portion of the warehouse and the Election Board bills the Clerk's office for that space other costs are as follows: temporary services, \$45,000 supports additional election board workers during peak election times, printing, \$39,000 includes envelopes, various forms and notification to poll workers of training, etc., polling place rent, \$37,000 which is \$40.00 per precinct.

Chair Nytes asked if they are paying for every polling location. Ms. Sadler said they pay for all locations, but not most schools. Councillor Talley asked if the \$40.00 is per precinct at one polling location. Ms. Sadler said if there are three precincts at one polling site then they would get \$120.00.

The voter registration software, \$30,192.00 is a purchase with National Time Share (NTS), a contract with the voter registration office. Equipment rental, \$10,900.00 includes tables and chairs for some of the polling places.

Councillor Sanders asked if their figures were on track for absentee ballots this year and an estimate of the absentee request. Ms. Sadler replied in the affirmative on being on track with absentee ballots. Mr. Vane said they received back over 40,000 ballots. Mr. Vane added that they receive absentee ballots without having to use postage, due to absentee applications being accessible on their web site and each party receives absentee applications.

Chair Nytes asked briefly if Ms. Sadler could identify a few of the elements that make up their other services and charges. Ms. Sadler said they will attempt to get the line item under poll workers pay corrected, they no longer pay for poll workers meals. Mr. Vane said other things they pay out are temporary services, taxi contracts, an alarm system at the warehouse, transportation of voter machines, etc.

Ms. Sadler said the Election Board currently has seven contracts; the first one is for \$40,000 for the election board attorney, Dan Landenforf.

Chair Nytes asked if they had received the list. Mr. Schaffer said it was provided to the office today and they did not bring extra copies. (Exhibit J) Chair Nytes asked Ms. Sadler to verbally tell the Council what the contracts are for and make the information available to the later. She said the contracts are; Election Systems and Software for \$10,484,818; Elite Transcon for \$116, 992 which is for trucking; Gale Properties, Inc. for a warehouse lease in the amount of \$540,021; Indianapolis Yellow Cab for \$38,526; Kroger, Gardis & Regas, LLC for outside counsel on the ballot litigation in the amount of \$59,500; and NTS Data Services, LLC for software for voter registration.

Ms. Sadler said the total cost for the 2003 Primary Election absent the machines and ballots was \$474,196. For the 2003 General Election the cost was \$537,327.

Councillor Sanders asked if that included the recounts. Ms. Sadler said it did not and the candidates in the party normally pay most of the expenses. Chair Nytes asked if it cost approximately \$500,000 to run an election. Ms. Sadler replied in the affirmative.

Ms. Sadler said she would like to talk about federal reimbursement for the voting machines. Chair Nytes asked if the Council had the handout. Mr. Schaffer said they did not make copies. Chair Nytes said the committee might find the information useful and it would be helpful to provide the materials to the Council. (Exhibit K)

Ms. Sadler said they received one installment of federal money and it was just under \$3 million in early February. She said the original one-year note for the voting machines re-upped through the Indianapolis Bond Bank. Ms. Sadler said they have another one-year note through the Indianapolis Bond Bank through Bank One. She said what they

currently owe on the original principal amount of \$9.4 million at a 2% rate and it was originated March 1.

Ms. Sadler said they expect to receive almost \$4 million in September in additional federal reimbursements and another \$920,000 in the spring of 2005. Ms. Sadler said there will be \$5.3 million from the principal. Chair Nytes asked for the interest. Ms. Sadler said interest payment is \$94,772 and interest accrued was \$93,227. Ms. Sadler said the total payoff will be in 2011 and the contract is for eight election cycles. She said the spreadsheet (Exhibit K) includes \$1.5 million for off election year. In addition, it includes the Council original appropriation of \$450,000 starting in September 2005.

Chair Nytes asked what fund that was appropriated out of. Ms. Sadler said she did not know and they had discussed it with the Auditor's office. Ms. Sadler asked Ms. Womacks, Marion County Auditor, if she knew the fund. Ms. Womacks suggested that since the Auditor's Office was not involved during the process that former Councillor Bob Massie might be able to shed some light on the appropriation.

Chair Nytes asked if this were a piece of the payback strategy that someone thought was in the budget, but now they are not sure where it is coming from and if the allocation was per year. Ms. Sadler said yes and she thinks it was originally going to start in 2004 and they were able to project out and not start until 2005.

Chair Nytes asked how much is it for. Ms. Sadler said \$450,000. Chair Nytes asked how big is the total budget. Ms. Sadler said it is \$2 million. Chair Nytes said this is significant and it could not be resolved tonight. She said the committee might need to have some specific conversations about the amount. Ms. Sadler said she was not involved in the conversations about where the funding was coming from.

Councillor Talley said he is sure the minutes would reflect that. Chair Nytes said the committee will revisit that and asked for Ms. Sadler, Ms. Womacks and the committee to continue the discussion.

Ms. Sadler said the loan payment schedule was presented to the Indianapolis Bond Bank that holds the note for the voting machines and it anticipates a complete payoff by the end of 2010. Ms. Sadler said she wanted to make a couple of summary comments about the election on last Tuesday. Chair Nytes said unless it were specifically budget related the committee should not get into the elections. She said there is one more presentation and right now the committee we needs to figure out how to pay the bills.

Councillor Brown asked if she expects to underspend in the budget this year. Ms. Sadler replied in the negative. Mr. Brown asked if she plans to return anything to the General Fund to help with the fiscal crisis. Ms. Sadler said they are facing the possibility of having to spend more money than originally included in the contracts for ballots for the fall election. She said she can not make promises about what will be returned back.

Until the election actually occurs she does not know how much an election costs because the boards have to be paid.

Chair Nytes asked for the cut off date for paying the board. Ms. Sadler said that goes to the Auditor's Office. Ms. Womacks said they are working on the checks right now and they would know in the next two weeks. Ms. Sadler said the poll workers turn in their expense sheets the night of the elections.

UPDATE FROM THE VOTER REGISTRATION OFFICE – Cathline Mullin,
Democratic Board Member

Ms. Mullin said they have 12 voter registration employees. She said the only problem for voter registration is they have no way to raise money. She said they have a contract with NTS (Exhibit L) for \$24,333 per month and \$291,996 for the year. Ms. Mullin said it is for hardware and software.

Chair Nytes asked Ms. Mullin to explain the surplus expected in Character 01 and the deficit expected in Characters 03 and 04. Ms. Mullin said it is because they do not know what will happen.

Chair Nytes asked if the savings from last year came from Character 1. Ms. Mullin replied in the affirmative.

Councillor Sanders asked if it were predominately in the benefits area or does it include salaries. Ms. Mullin said it would be from benefits and salaries.

Chair Nytes asked if there were turnover in her office. Ms. Mullin said very seldom is there a change.

Chair Nytes asked if she expects to incur higher cost because of the presidential election. Ms. Mullin replied in the affirmative.

Chair Nytes asked if the voting equipment contract was from 1990. Ms. Mullin replied in the affirmative. Chair Nytes asked if the Information Services Agency (ISA) were in consultation with her. Ms. Mullin replied in the affirmative.

Chair Nytes asked if they used City Purchasing. Ms. Mullin said most of their purchases are not through City Purchasing.

There being no further business, and upon motion duly made, the meeting was adjourned at 7:50 p.m.

Respectfully Submitted,

Jackie Nytes, Chairwoman

JN/csp